

CO-OPERATIVE CONFERENCE DISCUSSION PAPER 1

AUTONOMY FOR CO-OPS OR LETTING THE GOVT. OFF THE HOOK

" Why RHC's should look to self managing the program and setting up a Peak management body.

BACKGROUND

RHC's have traditionally been funded for new stock and for Secondary Upgrading from the Commonwealth State Housing Agreement. The CSHA is the major area of funding for public housing in Australia and has been operating since the late 40's.

RHC's were established by the then Ministry of Housing & Construction in 1977. The aims of the Program were:

- To place full management control over public housing to the tenant occupiers;

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- To provide the advantages of home ownership to those on low incomes who cannot afford access to ownership;

- To develop an alternative form of public housing which is diverse and responsive to local needs.

('Through The Maze - a procedure for Rental Housing Co-operatives, 1987'- Housing Services Division, MoHC)

The RHC's are self-directing, non-profit legal entities whose tenants collectively manage leased low rental housing within a local community. RHC's lease houses through the Victorian Department of Planning & Development (DPD) on the proviso that they are used to house people who are eligible for low rental accomodation.

WHY CHANGE THE PROGRAM ?

The reality is that at least for the past three years RHC's have received little in the way of new housing stock, and the obligations of the DPD as regards Secondary Upgrading have not been kept.

This places us in the position of continually putting to the Dept. our requests for secondary upgrade and having them refused because of budgetary constraints

Another problem with Secondary Upgrade is that it seems to rarely be done to the satisfaction of the RHC's and their members. Any conversation with a Public tenant or the Public Tenants' Union on their maintenance/upgrades will show that this is a common perception.

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Property purchase has the same problem as Secondary Upgrading, no money ! The reality is that the Dept. are not going to increase their Public Housing stock. so there is little chance of any increases to RHC's. This means that a demand to the Dept. to increase stock will probably fall on deaf ears.

Headleases are a constant problem. There are 5 different types of headlease for 21 Co-ops! Years have been spent on this issue, with no apparent progress. Do we spend our time rehashing arguments for change, or do we take the option of writing our own in a self-directing program ?

WHAT'S IN IT FOR THEM ?

I believe that we find ourselves at this time in a classic win situation. The Department wants something, and we know what it is. On the other hand, if we do not go the way the DPL want us to go, we can retain what we already have (it will probably mean that the Dept. will be really 'pissed' off, but we're used to that.)

The reasoning seems to be that the State Govt. is attempting to realise as many of its assets as it can (sell them off) to help balance the State budget. The DPD may wish, and can sell Public Housing stock, but cannot touch RHC stock as the houses are held by the Co-ops through the headlease, which is automatically renewable, as far as I can see. This means that the houses are 'locked' into the program and cannot be sold without the RHC's handing them back.

The 750+ houses in the Co-op program, therefore, are an unrealisable capital asset. The headlease also binds the DPD to expend funds on Secondary Upgrading. So, the State Govt. will actually spend less in their budget if they don't own the houses (this is a rather short-term way of looking at the economic state of Victoria, but that isn't OUR problem).

The Community Housing Program is a Federally funded program. If the DPD can convince us to go with Community Housing, and apply for funds through the CHP, it will mean no cost to the Victorian Govt.

HOW WOULD CO-OPS MANAGE THE PROGRAM ?

The major point is that the Dept. is offering the RHC's title to the houses. This 'offer' will not be made to each co-op individually, as some co-ops are acknowledged as being incapable of managing the properties fully.

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This has meant that we have had to rearrange our thinking and other processes. If the Dept. offers title it can do so in one of three ways:

- Direct title to the individual Co-op.
- Title given to a Peak Body/Company to hold title on co-op's behalf.
- Direct title to the individual co-op on the understanding that a Peak Body/Company would be put into place to manage the program.

An opinion expressed by some co-ops is that they are not in favour of direct title being given to individual co-ops. This is because it will destroy any commonality that co-ops have as a program. We will then be just a group of individual units competing for funds from CHP, competing as individuals against larger programs such as the CERC's and not having the economies of scale nor the financial power of a larger organization.

The most popular opinion is that title to co-op properties is passed on to a peak body either in total (Peak Body owns 100% equity in houses. Co-ops have headlease arrangement), or in part (Co-ops retain 50-70% of equity, Peak Body gets 50-30%)

The second option has some good points in that neither the Co-op nor the Peak Body have an absolute controlling interest. However, this is a complicated process, and possibly a more expensive option.

PEAK BODY

If title is granted, we must at least discuss how we can manage a program ourselves. Therefore, discussion has begun on a Peak Body quite separate from Joint Co-ops. Such a peak body might be responsible for:

- Accountability of Co-ops: Co-ops must be responsible to those with an 'interest' in co-ops: members, tenants, workers and the community. If there is a dispute involving any of those 'interested' parties, how is it resolved ?

Empowering a Peak Body with accountability for at least some aspects of a new program would alleviate some of this responsibility from individual co-ops. It would mean that we would have some means of being accountable, as well as being seen to be accountable.

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- Co-ordination: The Peak Body would act as a resource and could co-ordinate submissions to CHP to ensure that there is no competition between RHC's (a co-op with 38 houses submitting for the same funding as a co-op with 12), and could eventually co-ordinate Maintenance (setting up our own buying service for items as is/was done through the Dept's T.B.S.(To Be Supplied) section, or even developing our own company).

Central co-ordination and planning of finances, say setting up common databases for Co-ops to use, would also be a great advantage

- Strength and Economies of Scale: An individual co-op with 38 houses in suburban Melbourne would have less chance of being successful in any submission than a State-wide Body/Company representing 21 Co-operatives with over 750 houses in existing stock.

The economies could result from combining to provide a Building Advisory Service for Spot Purchase, an Architectural Advisory Service for Purchase/Build, etc. where the services would be directly 'owned' by the company, and therefore the co-ops, so that services could be provided cheaper and could also reflect the co-ops' needs better.

- Education: More workshops/seminars/'parties' could be organised. We could also produce our own material based on co-ops' experience and need, so that co-ops are 're-inventing the wheel' all the time.

- Growth: The opportunity not only of increasing stock of existing Co-ops, but also the means/ability to start new co-operatives!?

- Mediation / Arbitration / Conciliation: The Dept. of Corporate Affairs currently have this role, and they are not doing it very well. Members (and workers) should feel more secure in their co-op if they know that they have the opportunity to have grievances addressed by professionals directly employed by their Co-op and/or tenants. I would think that they would feel even more secure if they knew that their grievance would be listened to by people who are in the same position as them, and understand what they are talking about.

Paul Keating - Frankston R.H.C.
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STRUCTURE OF A RHC PROGRAM?

CO-OP CO-OP CO-OPERATIVE CO-OP

*1/2 Time Worker
(20 hours)*

*Total = 21 x 20 hours = 420 hours = 10.5 worker positions
or = 18 x 20 hours = 360 hours = 9 worker positions*



REGIONAL CO-OPERATIVE

*1 Full Time Worker
(40 hours)*

OR

*Regional Committee with
local and peak workers as
resource*

*Total = 4 co-ops per full time worker with 21 co-ops = 5.25 regions = 5.25
regional worker positions*

*or = 4 co-ops per full time worker with 18 co-ops = 4.5 regions = 4.5
regional worker positions.*



PEAK

*21 co-ops = 5.25 peak worker positions
18 co-ops = 4.5 peak worker positions*

TOTAL OF ONE FULL TIME WORKER POSITION FOR EACH CO-OPERATIVE AT BREAK EVEN POINT.

BASIC JOB ROLE:

***Co-operative Worker:** administration, policy, submissions for cyclical upgrading, emergency & some preventative maintenance, information circulation, resourcing, house purchase.*

***Regional Worker:** administration, cyclical maintenance co-ordination (eg collation of regional needs for referral for budget process, prioritisation, submissions, inspection, tenders, quotes, payment, etc), regional co-ordination of responses, budgets, community development, conflict resolution.*

Peak Workers: 21 Co-ops 5.25 f/t workers:

*1.25 finance and administration,
1 property,
1 community development,
1 publications/education,
1 co-ordinator/specialist skill.*

18 Co-ops 4.5 f/t workers:

*1.5 co-ordination/administration and
finance,
1 property,
1 community development,
1 publications/education.*